

APPENDIX

Signed by Governor
(July 27, 1981)

H.C.R. 7
H.C.R. 9

Sent to Governor
(July 30, 1981)

S.B. 5
S.C.R. 18

TENTH DAY

(Monday, August 3, 1981)

The Senate met at 11:00 o'clock a.m., pursuant to adjournment and was called to order by the President.

The roll was called and the following Senators were present: Andujar, Blake, Brooks, Brown, Caperton, Doggett, Farabee, Harris, Howard, Jones, Kothmann, Leedom, Mauzy, McKnight, Mengden, Parker, Richards, Santiesteban, Sarpalius, Short, Snelson, Traeger, Travis, Truan, Vale, Williams, Wilson.

Absent-excused: Glasgow, Meier, Ogg, Uribe.

A quorum was announced present.

The Reverend Sam McCutchen, Riverbend Baptist Church, Austin, offered the invocation as follows:

Father in Heaven, today we are thankful for life and all the blessings it affords us.

Father, help us to feel warmth among ourselves as easily as it is to feel warmth from the summer sun.

Grant us love, faith, strength, and wisdom. Amen.

On motion of Senator Mauzy and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 30, 1981, was dispensed with and the Journal was approved.

LEAVES OF ABSENCE

Senator Uribe was granted leave of absence for today on account of important business on motion of Senator Truan.

Senator Glasgow was granted leave of absence for today on account of important business on motion of Senator Short.

Senator Ogg was granted leave of absence for today on account of important business on motion of Senator McKnight.

Senator Meier was granted leave of absence for today on account of important business on motion of Senator Richards.

GUEST PRESENTED

Senator Truan was recognized and presented Dr. Jose Antoni of Corpus Christi, the Capitol Physician for the day.

Dr. Antoni was welcomed as a guest of the Senate today.

CO-AUTHOR OF SENATE JOINT RESOLUTION 7

On motion of Senator Mengden and by unanimous consent, Senator Doggett will be shown as Co-author of S.J.R. 7.

CO-AUTHOR OF SENATE BILL 14

On motion of Senator Sarpalius and by unanimous consent, Senator McKnight will be shown as Co-author of S.B. 14.

SENATE BILLS AND RESOLUTION ON FIRST READING

The following bills and resolution were introduced, read first time and referred to the Committee indicated:

S.B. 30 by Caperton Finance
Relating to state payment to the county for expenses arising from certain investigations and a criminal prosecution for an offense committed by a prisoner or employee of the department of corrections; adding Article 1036 to Chapter 103, Code of Criminal Procedure, 1965, as amended.

S.B. 31 by Caperton State Affairs
Relating to the authority of the Texas Department of Corrections to transfer land to the Texas Department of Public Safety.

S.B. 32 by Santiesteban Finance
Relating to a supplemental appropriation to the Texas Department of Corrections for the purpose of paying the expenses of transporting inmates from county jails.

S.B. 33 by Truan Finance
Relating to credit in and certain payments to the Employees Retirement System of Texas; making an appropriation; amending Chapter 352, Acts of the 50th Legislature, 1947, as amended (Article 6228a, Vernon's Texas Civil Statutes), by amending Subdivision 3, Subsection B, Section 3 and by adding Subsection K to Section 4.

S.B. 34 by Truan Jurisprudence
Relating to providing that no licensed hospital shall deny emergency treatment to a person by an officer, employee, or member of the medical staff of such hospitals and to prohibit discrimination.

S.B. 35 by Caperton, Brooks,
Doggett

Human Resources

Relating to fees for certifying drug abuse treatment programs and treatment personnel and to fees for application and for inspection for licensure of alcohol treatment facilities or programs and to the use of such fees; making appropriations; amending Subsection (c), Section 5.12, Texas Controlled Substances Act as amended (Article 4476-15, Vernon's Texas Civil Statutes), and Sections 3, 5, and 10, Chapter 553, Acts of the 65th Legislature, Regular Session, 1977 (Article 5561cc, Vernon's Texas Civil Statutes).

S.B. 36 by Brooks, Williams

Finance

Relating to the postponement of full implementation of appraisal districts.

S.C.R. 22 by Richards

Education

Establishing a special committee to study the issues and concerns relating to public education in Texas.

SENATE RESOLUTION 90

Senator Snelson offered the following resolution:

WHEREAS, It is with great delight that the Members of the Senate of the State of Texas, 67th Legislature, 1st Called Session, pause to take note of the 32nd birthday, August 2, 1981, of our distinguished colleague and friend, Senator Kent Caperton, from the Fifth Senatorial District of Texas; and

WHEREAS, Kent Caperton was elected to the Texas Senate in 1980 in his first attempt for public office and soon made his presence felt in this body; he has earned its admiration and respect and has done so in a manner several decibels lower than that employed by his predecessor, the Bull of the Brazos; and

WHEREAS, Recognition of Senator Caperton's abilities has also come from outside the Senate; Texas Monthly Magazine, in the issue that gave the magazine's performance evaluations after the regular session of the 67th Legislature, named him "Rookie of the Year"; now, therefore, be it

RESOLVED, That the Senate hereby heartily congratulate Kent on the anniversary of the date of his birth and extend its greetings and best wishes to him; and, be it further

RESOLVED, That a copy of this Resolution be prepared, under the Seal of the Senate, as a token of the esteem in which he is held by his fellow Senators and their hope that he has many more years of outstanding service to his district and to the State of Texas.

The resolution was read.

On motion of Senator Mauzy and by unanimous consent, the names of the Lieutenant Governor and Senators were added to the resolution as signers thereof.

On motion of Senator Snelson and by unanimous consent, the resolution was considered immediately and was adopted.

SENATE RESOLUTION 88

Senator Blake offered the following resolution:

WHEREAS, It is the tradition in the Texas Senate to honor the grandchildren of members; and

WHEREAS, A proper candidate for Sweetheart of the Senate is Erin Beth Kilpatrick, daughter of Mr. and Mrs. Merle Kilpatrick, and granddaughter of our distinguished colleague, Senator E. L. Short, and his wife, Dink; now, therefore, be it

RESOLVED, That this charming young lady, Erin Beth, be honored as a Sweetheart of the Senate of the State of Texas; and, be it further

RESOLVED, That copies of this Resolution be prepared for her as a memento of this occasion.

The resolution was read and was adopted.

MESSAGE FROM THE GOVERNOR

The following message from the Governor was read and was referred to the Subcommittee on Nominations:

Austin, Texas
July 30, 1981

TO THE SENATE OF THE SIXTY-SEVENTH LEGISLATURE, FIRST
CALLED SESSION:

I ask the advice, consent and confirmation of the Senate with respect to the following appointment:

TO BE A MEMBER OF THE POLYGRAPH EXAMINERS BOARD:

For a six year term to expire June 18, 1987:

WILLIAM J. TAYLOR of Round Rock, Williamson County, is being reappointed.

Respectfully submitted,

William P. Clements, Jr.
Governor of Texas

RECESS

On motion of Senator Snelson the Senate at 11:16 o'clock a.m. took recess until 11:30 o'clock a.m. today.

AFTER RECESS

The Senate met at 11:30 o'clock a.m. and was called to order by the President.

MESSAGE FROM THE HOUSE

House Chamber
August 3, 1981

HONORABLE W. P. HOBBY
PRESIDENT OF THE SENATE

Sir: I am directed by the House to inform the Senate that the House has passed the following:

H.C.R. 13, Commending Mario Medrano, Jr.

S.C.R. 13, Paying tribute to the life of Helen Hall.

Respectfully,

BETTY MURRAY, Chief Clerk
House of Representatives

**COMMITTEE SUBSTITUTE SENATE JOINT RESOLUTION 8 ON
SECOND READING**

On motion of Senator Farabee and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

C.S.S.J.R. 8, Proposing a constitutional amendment authorizing cities, towns, and other taxing units to encourage the improvement, development, or redevelopment of certain areas through property tax relief and through the issuance of bonds and notes.

The resolution was read second time and was passed to engrossment by the following vote: Yeas 26, Nays 1.

Yeas: Andujar, Blake, Brooks, Brown, Caperton, Doggett, Farabee, Harris, Howard, Jones, Kothmann, Mauzy, McKnight, Mengden, Parker, Richards, Santiesteban, Sarpalius, Short, Snelson, Traeger, Travis, Truan, Vale, Williams, Wilson.

Nays: Leedom.

Absent-excused: Glasgow, Meier, Ogg, Uribe.

**COMMITTEE SUBSTITUTE SENATE JOINT RESOLUTION 8 ON THIRD
READING**

Senator Farabee moved that the Constitutional Rule and Senate Rule 68 requiring bills to be read on three several days be suspended and that C.S.S.J.R. 8 be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 26, Nays 1.

Yeas: Andujar, Blake, Brooks, Brown, Caperton, Doggett, Farabee, Harris, Howard, Jones, Kothmann, Mauzy, McKnight, Mengden, Parker, Richards, Santiesteban, Sarpalius, Short, Snelson, Traeger, Travis, Truan, Vale, Williams, Wilson.

Nays: Leedom.

Absent-excused: Glasgow, Meier, Ogg, Uribe.

The resolution was read third time and was passed by the following vote: Yeas 26, Nays 1. (Same as previous roll call.)

(Senator Traeger in Chair)

COMMITTEE SUBSTITUTE SENATE BILL 16 ON SECOND READING

Senator Farabee moved to suspend the regular order of business to take up for consideration at this time:

C.S.S.B. 16, Relating to the powers of cities or towns to issue tax increment bonds and provide tax increment financing for the development or redevelopment of blighted areas or federally assisted new communities and to the duties of the cities or towns in connection with these powers.

The motion prevailed by the following vote: Yeas 22, Nays 3.

Yeas: Blake, Brooks, Caperton, Doggett, Farabee, Harris, Jones, Kothmann, Mauzy, McKnight, Mengden, Parker, Richards, Santiesteban, Sarpalius, Short, Snelson, Traeger, Travis, Truan, Vale, Williams.

Nays: Brown, Howard, Leedom.

Absent: Andujar, Wilson.

Absent-excused: Glasgow, Meier, Ogg, Uribe.

The bill was read second time.

Senator Farabee offered the following amendment to the bill:

Floor Amendment No. 1

Amend Senate Bill No. 16 by striking all below the enacting clause and substituting in lieu thereof the following:

SECTION 1. The Revised Civil Statutes of Texas, 1925, as amended, are amended by adding a new Article 1066e to Title 28, Chapter 5, to read as follows:

"Section 1. **SHORT TITLE.** This Act may be cited as the Texas Tax Increment Financing Act of 1981.

"Section 2. **DEFINITIONS.** In this Act:

"(1) 'Captured appraised value' means the amount by which the current appraised value of taxable real property located in the boundaries of a reinvestment zone exceeds its tax increment base.

"(2) 'Federally assisted new community' means a federally assisted area that has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act and a portion of that federally assisted area has received grants under Section 107(a)(1) of the Housing and Community Development Act of 1974, as amended.

"(3) 'Project costs' means expenditures made or estimated to be made or monetary obligations incurred or estimated to be incurred by the city or town that are listed in a project plan as costs of public works or improvements in a reinvestment zone, plus other costs incidental to the expenditures or obligations, diminished by any income, special assessments, or other revenues, other than tax increments, received or reasonably expected to be received by the city or town in connection with the implementation of the project plan. Project costs include:

“(A) capital costs, including the actual costs of the construction of public works or improvements, new buildings, structures, and fixtures; the actual costs of the demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; and the actual costs of the acquisition of equipment and the clearing and grading of land;

“(B) financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations prior to maturity;

“(C) real property assembly costs; that is, the deficit incurred by the sale or lease as lessor by the city or town of property within a reinvestment zone for less than the cost of the property to the city or town;

“(D) professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

“(E) imputed administrative costs, including reasonable charges for the time spent by employees of the city or town in connection with the implementation of a project plan;

“(F) relocation costs;

“(G) organizational costs, including the costs of conducting environmental impact studies or other studies, the costs of publicizing the creation of a reinvestment zone, and the cost of implementing the project plan for the reinvestment zone;

“(H) interest prior to and during construction and for one year after completion of construction whether or not capitalized;

“(I) the amount of any contributions made for the implementation of the project plan; and

“(J) payments made at the discretion of the governing body of the city or town that the city or town finds necessary or convenient to the creation of a reinvestment zone or to the implementation of the project plans for the reinvestment zone.

“(4) ‘Project plan’ means the plan for the development or redevelopment of a reinvestment zone approved as provided by this Act, including all amendments to the plan approved as provided by this Act.

“(5) ‘Taxing unit’ means a county, an incorporated city, or town (including a home-rule city), a school district, a special district or authority, or any other political unit of this state, whether created by or pursuant to the constitution or a local, special, or general law, that is authorized to impose ad valorem taxes on property.

“(6) ‘Tax increment’ means the amount of property taxes levied for a year on the captured appraised value.

“(7) ‘Tax increment base’ means the total appraised value of all taxable real property in a reinvestment zone for the year in which the zone was designated a reinvestment zone as provided by this Act.

“(8) ‘Tax increment fund’ means a fund into which all tax increments are paid, and all revenues from the sale of tax increment finance bonds or notes are deposited, and from which money is disbursed to pay project costs for the zone or to satisfy claims of holders of tax increment bonds or notes issued for the zone.

“Section 3. CRITERIA FOR A REINVESTMENT ZONE. (a) An incorporated city or town may promote development or redevelopment of a contiguous geographic area within its jurisdiction through tax increment financing under this Act. The incorporated city or town must adopt an ordinance in order to designate an area a reinvestment zone for tax increment financing.

"(b) To be designated as a reinvestment zone an area must:

"(1) substantially impair or arrest the sound growth of a city or town, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use by reason of the presence of a substantial number of substandard, slum, deteriorated, or deteriorating structures; predominance of defective or inadequate sidewalk or street layout; faulty lot layout in relation to size, adequacy, accessibility, or usefulness; unsanitary or unsafe conditions; deterioration of site or other improvements; tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; the existence of conditions that endanger life or property by fire or other cause; or any combination of these factors or conditions; or

"(2) be predominately open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the city or town; or

"(3) be in a federally assisted new community located within a city or town or in an area immediately adjacent to the federally assisted new community; or

"(4) be located wholly within an area which meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974, as amended.

"Section 4. HEARINGS; PROCEDURE. (a) Prior to adoption of an ordinance providing for a reinvestment zone for tax increment financing a city or town must hold a public hearing on the adoption of the zone and its benefits to the city or town and to property in the district. At the hearing interested parties may speak for or against the creation, the boundaries of the reinvestment zone, and the concept of tax increment financing. Notice of the hearing must be published in a newspaper having general circulation in the city or town not later than seven days before the date of the hearing.

"(b) A city or town must provide a reasonable opportunity for an owner of property to protest the inclusion of his property in the zone.

"(c) The ordinance must:

"(1) describe the boundaries of the reinvestment zone with sufficient definiteness to identify with ordinary and reasonable certainty the territory included in the zone;

"(2) create a board of directors for the district, specify the number of members of the board as provided by Section 8 of this Act, and appoint the initial members of the board;

"(3) provide that the zone takes effect on January 1 of the year following the year in which the zone is approved by adoption of the ordinance and provide a date for termination of the zone;

"(4) assign a name to the district for identification purposes. The first district created shall be known as 'Reinvestment Zone Number One, City or Town of []' with each subsequently created zone assigned the next consecutive number;

"(5) establish a 'Tax Increment Fund,' for the zone; and

"(6) contain findings that:

"(A) improvements in the zone will enhance significantly the value of all the taxable real property in the zone, although the ordinance need not identify the specific parcels enhanced in value, and will be of general benefit to the city or town;

"(B) the area meets the requirements set out in Section 3 of this Act.

"Section 5. RESTRICTIONS. (a) A reinvestment zone may not be created if more than 10 percent of the property in the zone, excluding that dedicated to public use, is used for residential purposes, or if the total assessed value of taxable real property in the zone according to the most recent appraisal rolls of the city or town and the total appraised value of taxable real property in existing zones according to the most recent appraisal rolls of the city or town exceeds 15 percent of the current total appraised value of taxable real property in the city or town and in the industrial districts created by the city or town.

"(b) The boundaries of a zone may not be changed to include within the zone property more than 10 percent of which, excluding property dedicated to public use, is used for residential purposes, or to include more than 15 percent of the current total assessed value of taxable real property in the city or town and in the industrial districts created by the city or town.

"(c) For purposes of this section property is used for residential purposes if it is occupied by a house which has less than five living units.

"Section 6. BOARD OF DIRECTORS. (a) The number of members of the board of directors may not be fewer than five nor more than 15.

"(b) Members of the board of directors are appointed by the governing body of the city or town for terms of two years unless longer terms are provided pursuant to Article XI, Section 11, Texas Constitution. Terms of members may be staggered. A vacancy on the board is filled for the unexpired term by appointment of the governing body of the city or town.

"(c) To be eligible for appointment to the board of directors of a zone, an individual must:

"(1) be a qualified voter of the city or town; or

"(2) be at least 18 years old and own real property in the zone, without regard to whether he or she resides in the city or town.

"(d) After the board of directors has existed for one year, the governing body of the city or town by ordinance may abolish the board and assume the board's powers, duties, and functions. An ordinance under this subsection may be adopted only on the affirmative vote of at least three-fourths of the members of the governing body of the city or town.

"(e) Each year the governing body of the city or town shall appoint one member of the board of directors to serve as chairman of the board for a term of one year that begins on January 1 of the following year. The board of directors may elect a vice-chairman to preside in the absence of the chairman or when there is a vacancy in the position of chairman. The board may elect other officers as it sees fit.

"Section 7. RECOMMENDATIONS AND POWERS. The board of directors shall make recommendations to the governing body of the city or town concerning administration of this Act in the zone. In addition to the powers delegated to the board of directors under other provisions of this Act, the governing body of the city or town by ordinance may delegate to the board any powers and duties with regard to the implementation of the project plan for the zone that the governing body considers advisable.

"Section 8. PROJECT PLAN. (a) The board of directors of a reinvestment zone must prepare and adopt a project plan for the zone and must submit the plan to the governing body of the city or town. The plan must include a statement listing the kind, number, and location of all proposed public works or improvements in the zone, an economic feasibility study, a detailed list of estimated project costs, and a description of the methods of financing all estimated project costs and the time when related costs or monetary obligations are to be incurred. The plan must also include a map showing existing uses and conditions of real property in the zone and a map showing proposed

improvements to and uses of real property in the zone. Proposed changes of zoning ordinances, the master plan, building codes, and city ordinances must also be included in the plan along with a list of estimated nonproject costs and a statement of a method of relocating persons to be displaced as a result of implementation of the plan.

"(b) The governing body of the city or town must approve a project plan after its adoption by the board. The approval must be by ordinance that finds that the plan is feasible and conforms to the master plan, if any, of the city or town.

"(c) The board of directors of the zone at any time may adopt an amendment to the project plan. The amendment takes effect on approval by the governing body of the city or town. Approval must be by ordinance.

"Section 9. POWERS OF CITIES OR TOWNS. A city or town may exercise any power necessary and convenient to carry out this Act, including the power to:

"(1) create reinvestment zones and to describe the boundaries of the zones;

"(2) cause project plans to be prepared, to approve and implement the plans, and otherwise achieve the purposes of the plan;

"(3) acquire real property by purchase, condemnation, or other means to implement project plans;

"(4) issue tax increment bonds or notes;

"(5) deposit tax increments into the tax increment fund;

"(6) enter into agreements, including agreements with bondholders, determined by the governing body of the city or town to be necessary or convenient to implement project plans and achieve their purposes. The agreements may include conditions, restrictions, or covenants that either run with the land or by other means regulate or restrict the use of land; and

"(7) consistent with a project plan for a reinvestment zone adopted by the governing body of the city or town, acquire blighted, deteriorated, deteriorating, undeveloped, inappropriately developed real property, or other property in a blighted area or a federally assisted new community in the zone for the preservation or restoration of historic sites, beautification or conservation, or the provision of public works or facilities or other public purposes; or acquire, construct, reconstruct, or install public works, facilities, and sites or other improvements, including utilities, streets, street lights, water and sewer facilities, pedestrian malls and walkways, parks, flood and drainage facilities, and parking facilities.

"Section 10. COLLECTION OF TAX INCREMENTS. (a) For purposes of this Act, the tax collector for the city or town shall have the sole authority and duty to collect property taxes levied by the city or town and all other taxing units on taxable real property in a reinvestment zone and for allocating the taxes and tax increments in the manner required by this Act.

"(b) Commencing with the first payment of taxes levied by the city or town or other taxing units subsequent to the time a reinvestment zone takes effect, receipts from taxes after deducting costs of collection shall be allocated and paid over as follows:

"(1) There shall first be allocated and paid over the amount of real property tax produced from the tax increment base to each city or town and to each other taxing unit.

"(2) There shall next be allocated and paid over to the city or town and to each other taxing unit any property taxes produced from the tax increments which are, by contract executed prior to the designation of the area as a reinvestment zone, required to be paid over by the city or town or other political subdivision.

“(3) There shall next be deposited into the tax increment fund established for the zone all tax increments produced from the captured assessed value of taxable real property in the zone.

“Section 11. PENALTY. Once a reinvestment zone has been established by a city or town and designated for tax increment financing as provided by this Act, a taxing unit that fails to deposit the annual tax increment in the tax increment fund as required by this Act shall be limited to taxing any property in the reinvestment zone at the same value at which the property was taxed in the year in which the property was designated a reinvestment zone for a period of time equal to twice the duration of the reinvestment zone.

“Section 12. TAX INCREMENT BONDS OR NOTES. (a) A city or town may issue tax increment bonds or notes, the proceeds of which may be used to pay project costs for a reinvestment zone on behalf of which the bonds or notes were issued or to satisfy claims of holders of the bonds or notes. The city or town may issue refunding bonds or notes for the payment or retirement of tax increment bonds or notes previously issued by it. Tax increment bonds shall be made payable, as to both principal and interest, solely from the tax increment fund established by the city or town for the reinvestment zone.

“(b) Tax increment bonds or notes, together with interest on and income from the bonds or notes, shall be exempt from all taxes. The bonds or notes shall be authorized by ordinance of the governing body of the city or town and may be issued in one or more series. They shall bear a date or dates, be payable upon demand or mature at a time or times, bear interest at a rate or rates, be in a denomination or denominations, be in a form (either coupon or registered), carry conversion or registration privileges, have a rank or priority, be executed in a manner, be payable in a medium of payment at a place or places, and be subject to terms of redemption (with or without premium), be secured in a manner, and have other characteristics as may be provided by the ordinance approving the bonds or notes or by the trust indenture or mortgage issued in connection with the bonds or notes. Any provision of any law to the contrary notwithstanding, any bonds or notes issued pursuant to this Act shall be fully negotiable. In a suit, an action, or other proceeding involving the validity or enforceability of a bond or note issued under this Act or the security for a bond or note issued under this Act, a bond or note reciting in substance that it had been issued by the city or town for a reinvestment zone shall be conclusively deemed to have been issued for that purpose, and the development or redevelopment of the zone shall be conclusively deemed to have been planned, located, and carried out as provided by this Act.

“(c) All banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking or investment business; all insurance companies, insurance associations, and other persons carrying on an insurance business; and all executors, administrators, curators, trustees, and other fiduciaries may legally invest any sinking funds, money, or other funds belonging to them or within their control in tax increment bonds or notes issued by a city or town pursuant to this Act. The bonds or notes shall be authorized security for all public deposits. Any persons, political subdivisions, and officers, public or private, are authorized to use any funds owned or controlled by them for the purchase of any tax increment bonds or notes. This Act does not relieve any person of the duty to exercise reasonable care in selecting securities.

“(d) Tax increment bonds or notes shall be payable only out of the tax increment fund. The governing body of the city or town may irrevocably pledge all or a part of the fund for payment of the bonds or notes. The part of the fund pledged in payment may thereafter be used only for the payment of the

bonds or notes or interest on the bonds or notes until the bonds or notes have been fully paid. A holder of the bonds or notes or of coupons issued on the bonds shall have a lien against the fund for payment of the bonds or notes and interest thereon and may either at law or in equity protect and enforce such lien.

"(e) Tax increment bonds or notes issued under this Act shall not be general obligations of the city or town, nor in any event shall they give rise to a charge against the general credit or taxing powers of the city or town or be payable other than as provided by this Act. Any tax increment bonds or notes issued under this Act shall so state these restrictions on their face.

"(f) Tax increment bonds or notes issued under this Act shall not be included in any computation of the debt of the issuing city or town.

"(g) Tax increment bonds or notes may not be issued in an amount exceeding the total costs of implementing the project plan for the district for which they were issued. The bonds or notes shall mature within 20 years of their date of issue.

"Section 13. ANNUAL REPORTS. (a) On or before July 1 of each year, the governing body of the city or town shall submit to the chief executive officer of every taxing unit that levies property taxes on taxable real property in the district a report on the status of the district. The report shall include the following information:

"(1) the amount and source of revenue in the tax increment fund established for the reinvestment zone;

"(2) the amount and purpose of expenditures from the fund;

"(3) the amount of principal and interest due on any outstanding bonded indebtedness;

"(4) the tax increment base and the current captured appraised value retained by the zone; and

"(5) the captured appraised value shared by the city or town and other taxing units, the total in tax increments received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the city or town.

"(b) A copy of this report shall be forwarded to the attorney general.

"Section 14. TERMINATION OF A REINVESTMENT ZONE. A reinvestment zone shall terminate at the time designated in the ordinance creating the zone or at an earlier time designated by a subsequent ordinance.

"Section 15. TAX INCREMENT FUND. (a) Money shall be disbursed from the tax increment fund for a reinvestment zone only to satisfy the claims of holders of tax increment bonds or notes issued for the reinvestment zone or to pay project costs for the zone.

"(b) Subject to an agreement with the holders of tax increment bonds or notes, money in a tax increment fund may be temporarily invested in the same manner as other funds of the city or town.

"(c) After all project costs and all tax increment bonds or notes issued for a reinvestment zone have been paid, and subject to any agreement with bondholders, if there is any money in the fund, it shall be paid over to the city or town and other taxing units levying taxes on property within the zone in amounts that reflect the respective share of total tax increments resulting from taxable real property in a reinvestment zone that were deposited in the fund during the fund's existence."

SECTION 2. TRANSITION OF DISTRICTS AND ZONES. (a) A reinvestment zone designated pursuant to this Act may not incur tax increments before January 1, 1982.

(b) A tax incremental district approved by a city or town pursuant to Chapter 695, Acts of the 66th Legislature, Regular Session, 1979 (Article 1066d, Vernon's Texas Civil Statutes), may be designated by ordinance adopted by the governing body of the city or town as a reinvestment zone under this Act. No other act is necessary for the newly designated zone to exercise powers or perform duties as provided by this Act.

SECTION 3. EXPIRATION DATE. This Act expires December 31, 1991. A reinvestment zone established before that date may continue in existence beyond that date as provided by the ordinance creating the zone.

SECTION 4. EFFECTIVE DATE. This Act takes effect only if the constitutional amendment proposed by S.J.R. 8, 67th Legislature, 1st Called Session, 1981, is adopted.

SECTION 5. REPEALER. Chapter 695, Acts of the 66th Legislature, Regular Session, 1979 (Article 1066d, Vernon's Texas Civil Statutes), is repealed. The repeal does not affect the continuation of tax incremental districts designated as reinvestment zones as provided by SECTION 2 of this Act.

SECTION 6. EMERGENCY. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

The amendment was read.

Senator Short offered the following amendment to the pending amendment:

Floor Amendment No. 2 to C.S.S.B. 16

Amend Floor Amendment 1 C.S.S.B. 16, page 4, lines 25 and 26, by deleting , or other factors,.

The amendment to the pending amendment was read and was adopted.

Question recurring on the adoption of the pending amendment as amended, the pending amendment as amended was adopted.

On motion of Senator Farabee and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

The bill as amended was passed to engrossment.

(President in Chair)

COMMITTEE SUBSTITUTE SENATE BILL 16 ON THIRD READING

Senator Farabee moved that the Constitutional Rule and Senate Rule 68 requiring bills to be read on three several days be suspended and that C.S.S.B. 16 be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 25, Nays 1.

Yeas: Andujar, Blake, Brooks, Brown, Caperton, Doggett, Farabee, Harris, Howard, Jones, Kothmann, Mauzy, McKnight, Mengden, Parker, Richards, Santiesteban, Sarpalius, Short, Snelson, Traeger, Travis, Truan, Vale, Williams.

Nays: Leedom.

Absent: Wilson.

Absent-excused: Glasgow, Meier, Ogg, Uribe.

The bill was read third time and was passed.

COMMITTEE SUBSTITUTE SENATE BILL 17 ON SECOND READING

On motion of Senator Farabee and by unanimous consent, the regular order of business was suspended to take up for consideration at this time on its second reading and passage to engrossment:

C.S.S.B. 17, Relating to the authority of cities and towns to encourage supervised improvement by property owners through property tax abatement incentives.

The bill was read second time.

Senator Farabee offered the following amendment to the bill:

Floor Amendment No. 1

Amend **S.B. 17** by inserting the following language after Section 6 and re-numbering the remaining sections;

"SECTION 7. TAXABLE MARKET VALUE FOR SCHOOL FUNDING. Section 11.86(a), Education Code, is amended to read as follows:

"(1) 'taxable market value' means market value less:

"(A) the total dollar amount of any exemption of part but not all of the value of taxable property required by the constitution or a statute that a district lawfully granted in the year that is the subject of the study, or

"(B) the total dollar amount of any exemptions granted within a reinvestment zone under agreements authorized by the Property Redevelopment and Tax Abatement Act, enacted by S.B. 17, 67th Legislature, 1st Called Session, 1981, or

"(C) the total dollar amount of any captured appraised value of property that is located in a reinvestment zone and that is eligible for tax increment financing under the Texas Tax Increment Financing Act of 1981; enacted by S.B. 16, 67th Legislature, 1st Called Session, 1981; and

"(2) 'index value' means market value less the difference between the market value and the productivity value of land that qualified for appraisal on the basis of its productivity. In no event shall the productivity value exceed the fair market value of the land."

The amendment was read and was adopted.

On motion of Senator Farabee and by unanimous consent, the caption was amended to conform to the body of the bill as amended.

The bill as amended was passed to engrossment.

RECORD OF VOTES

Senators Howard and Leedom asked to be recorded as voting "Nay" on the passage of the bill to engrossment.

COMMITTEE SUBSTITUTE SENATE BILL 17 ON THIRD READING

Senator Farabee moved that the Constitutional Rule and Senate Rule 68 requiring bills to be read on three several days be suspended and that C.S.S.B. 17 be placed on its third reading and final passage.

The motion prevailed by the following vote: Yeas 24, Nays 2.

Yeas: Andujar, Blake, Brooks, Brown, Caperton, Doggett, Farabee, Harris, Jones, Kothmann, Mauzy, McKnight, Mengden, Parker, Richards, Santiesteban, Sarpalius, Short, Snelson, Traeger, Travis, Truan, Vale, Williams.

Nays: Howard, Leedom.

Absent: Wilson.

Absent-excused: Glasgow, Meier, Ogg, Uribe.

The bill was read third time and was passed.

RECORD OF VOTES

Senators Howard and Leedom asked to be recorded as voting "Nay" on the final passage of the bill.

APPOINTMENTS BY PRESIDENT

The President announced the following appointments:

To be Members of:

TEXAS LEGISLATIVE COUNCIL:

Senators Blake, Parker, Vale, Wilson, Traeger.

LEGISLATIVE REFERENCE LIBRARY BOARD

Senator Doggett.

LEGISLATIVE BUDGET BOARD

Senators Jones, Farabee, Brooks, Snelson.

SUNSET ADVISORY COMMISSION

Senators Howard, Chairman; Harris, Sarpalius, Caperton and Mr. Vernon McGee.

MEMORIAL RESOLUTION

S.R. 87 - By Leedom: Memorial resolution for Frederick Matthew Lange.

WELCOME AND CONGRATULATORY RESOLUTIONS

S.R. 89 - By Howard: Extending appreciation to Mr. and Mrs. D. L. Connor for their service to the citizens of Hooks.

S.R. 91 - By Kothmann: Extending welcome to Markla Austin, "Honorary Page" for the day.